



Detroit Wayne Integrated Health Network

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**Finance Committee Meeting
DWIHN Administration Building
1st Floor Boardroom
8726 Woodward Avenue
Detroit, MI 48202
Wednesday, April 3, 2024
1:00 p.m.
AGENDA**

- I. Call to Order**
- II. Roll Call**
- III. Committee Member Remarks**
- IV. Approval of Agenda**
- V. Follow-Up Items**
- VI. Approval of Minutes – March 6, 2024**
- VII. Presentation of the Monthly Finance Report**
- VIII. Unfinished Business:**
Staff Recommendations: **None**
- IX. New Business:**
Staff Recommendations: **None**
- X. Good and Welfare/Public Comment**
Members of the public are welcome to address the Board during this time for no more than two minutes. (The Board Liaison will notify the Chair when the time limit has been met.) Individuals are encouraged to identify themselves and fill out a comment card to leave with the Board liaison; however, those individuals that do not want to identify themselves may still address the Board. Issues raised during Good and Welfare/Public Comment that are of concern to the general public and may initiate an inquiry and follow-up will be responded to and may be posted to the website. Feedback will be posted within a reasonable timeframe (information that is HIPAA related or of a confidential nature will not be posted but rather responded to on an individual basis).
- XI. Adjournment**

Board of Directors

Kenya Ruth, Chairperson
Karima Bentounsi
Angelo Glenn

Dr. Cynthia Tauег, Vice Chairperson
Angela Bullock
Jonathan C. Kinloch

Dora Brown, Treasurer
Lynne F. Carter, M.D.
Kevin McNamara

William Phillips, Secretary
Eva Garza Dewaelsche
Bernard Parker

Eric W. Doeh, President and CEO



FINANCE COMMITTEE

MINUTES

MARCH 6, 2024

1:00 P.M.

3071 W. GRAND BLVD.
DETROIT, MI 48202
(HYBRID/ZOOM)

MEETING CALLED BY	Ms. Dora Brown, Chair called the meeting to order at 1:07 p.m.
TYPE OF MEETING	Finance Committee Meeting
FACILITATOR	Ms. Dora Brown, Chair
NOTE TAKER	Ms. Nicole Smith, Finance Management Assistant
ATTENDEES	<p>Finance Committee Members Present: Ms. Dora Brown, Chair Mr. Kevin McNamara, Vice Chair Ms. Karima Bentounsi Ms. Eva Garza Dewaelsche Mr. Angelo Glenn</p> <p>Committee Members Excused: None</p> <p>Board Members Present: Mr. Jonathan Kinloch</p> <p>SUD Oversight Policy Board Members Attending Virtually: Mr. Thomas Adams</p> <p>Board Members Excused: None</p> <p>Staff: Ms. Stacie Durant, VP of Finance; Mr. Eric Doeh, President; Mr. Manny Singla, Executive VP of Operations; Dr. Shama Faheem, Chief Medical Officer; Ms. Monifa Gray, Associate VP of Legal Affairs; Ms. Sheree Jackson, VP of Corporate Compliance; Ms. Brooke Blackwell, VP of Governmental Affairs and Chief of Staff; Mr. Keith Frambro, Associate VP of IT Services; Mr. Jody Connally, VP of Human Resources, Mike Maskey, VP of Facilities, Monifa Grey, Assoc. VP of Legal Affairs; Tiffany Devon, Director of Communications</p> <p>Staff Attending Virtually: Dhannetta Brown, Assoc. VP of Finance; Jean Mira, Procurement Administrator</p> <p>Guests: None</p>

AGENDA TOPICS

I. **Roll Call** Ms. Lillian Blackshire, Board Liaison

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II. Roll Call

Roll Call was taken by Ms. Lillian M. Blackshire, Board Liaison and a quorum was present.

III. Committee Member Remarks

Ms. Brown, Chair called for Committee member remarks. There were no committee remarks.

IV. Approval of Agenda

The Chair, Ms. Brown called for a motion on the agenda. There were no changes or modifications requested to the agenda. **Motion:** It was moved by Mr. Glenn and supported by Ms. Bentounsi approval of the agenda. **Motion carried.**

V. Follow-up Items:

The Chair called for follow-up items; it was noted by the Board Liaison Ms. Blackshire that the follow-up items had been completed as the agreement outlining the use of the funds from the opioid settlement had been sent to the board.

VI. Approval of the Meeting Minutes

The Chair, Ms. Brown called for a motion on the Finance Committee minutes from the meeting on Wednesday, February 7, 2024. **Motion:** It was moved by Mr. Glenn and supported by Ms. Garza Dewaelsche approval of the Finance Committee minutes from the meeting of Wednesday, February 7, 2024. There were no corrections to the minutes. **Motion carried.** Minutes accepted as presented.

VII. Presentation of the Monthly Finance Report

S. Durant, VP of Finance presented the Monthly Finance report. A written report for the twelve months ended January 31, 2024, was provided for the record. The DWIHN Finance accomplishments and noteworthy items to report were:

DWIHN submitted the fiscal year ended September 30, 2023 Financial Status Report (FSR) due to MDHHS on February 29, 2024. The following is a summary of the fiscal year results:

Medicaid savings carried over to fiscal year 2024 - \$32,492,867; maximum allowed \$46.2 million; Deposit to Medicaid Internal Service Fund - \$8,200,000; total ISF balance \$69,301,008 (maximum allowed); General fund overspend - \$171,868; Reallocated \$1.2 million SUD block expenses between various SUD grants to expend all grants funds except Pregnant & Postpartum Women's (PPW) - \$143,000 out of \$271,500 remained unspent. PA2 balance \$9,330,007, an increase of \$1.5 million compared to prior year. Discussion ensued regarding the death benefit and the adjusted amounts that will be paid in March and June.

Cash and Investments – comprise of funds held by three (3) investment managers, First Independence CDARS, Comerica, Huntington Bank, and Flagstar accounts. This amount includes the \$21.9 million cash held in collateral for the two building loans.

Due from other governments – comprise various local, state, and federal amounts due to DWIHN. Approximately \$6.0 million in SUD and MH block grant due from MDHHS. Approximately \$10.5 million for 1st quarter and January 2024 pass-through HRA revenue. Finally, \$9.5 million due from MDHHS related to FY23 PBIP and CCBHC cost settlement.

Accounts receivable/Allowance - Accounts receivable consist of approximately \$3.8 million is due from ICO's for reimbursement of state facility costs paid by DWIHN. The remaining balance Wayne County 1st quarter PA2 for \$500,000; amounts due from various providers \$1.5 million.

IBNR Payable – represents incurred but not reported (IBNR) claims from the provider network; historical average claims incurred through January 31, 2024, was approximately \$289.1 million however actual payments were approximately \$219.2 million. The difference represents claims incurred but not reported and paid of \$69.9 million.

Due to other governments – includes \$4.6 million due to MDHHS for death recoupment. In addition, there is approximately \$1.4 million payable to MDHHS for state hospitals and \$950,000 one-month IPA tax payment.

State grants and contracts– The variance relates primarily to Medicaid funding received in excess of budget (\$26.5mm) however refer to letter G as expenses are \$23.1 million higher than budget. The net amount of revenue/expenses are within budget.

SUD, Autism, Children, Adults and IDD services - \$23.1 million variance in excess of budget is due to timing.

Discussion ensued regarding the net investments in capital assets; the ISF; restricted cash collateral; unrestricted funds and bond uses. There was no further discussion. The Chair, Ms. Brown, noted the Finance Monthly Report was received and filed.

VIII. 1st Quarter FY24 Board Report for Procurement Non-Competitive under \$50,000K and all Cooperative Purchasing

The 1st Quarter FY24 Procurement Report was presented by Ms. J. Mira, Procurement Administrator. The written report was provided to the Finance Committee and was included in the agenda packet for informational purposes. Noteworthy information includes purchasing percentages: Contract Percentage for Wayne County is 6.2% and Out of County is 93.98%; Funding Percentage w/o IT for Wayne County is 27.98% and Out of County is 72.02%. Amounts include Total under 50K or Cooperative purchasing total is \$941,073.08 Wayne County is \$56,670.05; the IT total is \$738,500.13 There was no further discussion. The FY24 1st Quarter Procurement Report was received and filed.

IV. Unfinished Business – Staff Recommendations:

a. Board Action #21-29 (Revision 2) – Billboard Management Outreach – OutFront Media.

Ms. T. Devon, Director of Communications reported. DWIHN Communications is requesting a correction to previously approved BA #21-29R. The amount requested and approved was \$115,000 per year for two years, for a total of \$230,000. The correct amount is \$135,000 for two years, for a total of \$270,000. This correction will add an additional \$40,000 to the contract. The contract term will not change and is October 18, 2023 to September 30, 2025. The total contract amount is not to exceed \$1,020,000. The Chair called for a motion. **Motion:** It was moved by Ms. Bentounsi and supported by Ms. Garza Dewaelsche approval of BA #21-29 (Revision 2) to Full Board. There was no further discussion. **Motion carried.**

b. Board Action #24-07 (Revision 4) – FY 2023-2024 DWIHN Operating Budget. Ms. S. Durant, Vice President of Finance reporting. Board approval is requested to certify additional revenues totaling \$2,874,361 and authorize expenditures of a like amount as noted below:

MDHHS FY 2023 carryover funding for Behavioral Health Services (BHS) totaling \$75,083: \$13,621 for Native Americans BHS; \$50,256 for Hispanic BHS, and \$11,206 for Vietnam Veterans BHS

Additional \$1,000,000 of funding added to our COVTD Treatment Project for provider stabilization in Opioid settlement funds totaling \$1,728,225 for fiscal years ended 2023 and 2024.

The board action also includes the use of \$71,053 of Medicaid Reserve funds to support the following changes to salaries and benefits: Salary/fringe increase for Mobile Crisis Director - \$20,659, Salary/fringe increase for Mobile Crisis Office Manager - \$11,557; Upgrade Director of Clinical Services to Vice President of Direct Clinical Services - \$38,837; Six

Direct Services clinical positions under-budgeted in error - \$143,561; New Direct Services Administrator position - \$165,41.00. There was no further discussion. **Motion carried.**

X. New Business – Staff Recommendations:

A. Board Action #24-58 – Accounting System Maintenance and Support (The TM Group) Mr. C. Harding, Financial Systems Administrator reporting. The board action is requesting the approval to exercise a two year extension of our contract with the TM Group to provide system support services for our Microsoft Dynamics GP enterprise resource planning system, handling our accounting, purchasing and payment responsibilities among other things. In addition to providing technical support services, the TM Group will also be responsible for making our annual maintenance payments. The 3 year contract consists of Licenses and software (pass through to Microsoft) \$66,857 and Consulting support \$44,650. The initial contract totaling \$43,639 was procured via a competitive purchase under \$50,000 for the period of April 1, 2023 through March 31, 2024. The two year contract extension runs from April 1, 2024 through March 31, 2026 with a cost of \$67,867. This brings the total contract amount not to exceed \$111,506.00 through March 31, 2026. The Chair called for a motion. **Motion:** It was moved by Ms. Garza Dewaelsche and supported by Ms. Bentounsi approval of BA #24-52 to Full Board. There was no further discussion. **Motion carried.**

XI. Good and Welfare/Public Comment – The Chair read the Good and Welfare/Public Comment statement. There were no members of the public requesting to address the committee.

XII. Adjournment – There being no further business; The Chair, Ms. Brown called for a motion to adjourn. **Motion:** It was moved by Mr. McNamara and supported by Mr. Glenn to adjourn the meeting. **Motion carried.** The meeting was adjourned at 1:45 p.m.

FOLLOW-UP ITEMS	A. Report on the number of SUD Prevention providers that will receive stability payments. – S. Durant

**DWIHN Division of Management and Budget
Monthly Finance Report
For the five months ended February 29, 2024**

DWIHN Finance accomplishments and noteworthy items:

1. DWIHN opened a separate Flagstar checking account to facilitate the ItraFi Cash Service (ICS) agreement whereby the cash is sweep daily to a FDIC insured amount. The funds are 100% FDIC insured and allow protection of the large cash balance held at Flagstar. Approximately \$30 million will be held in the “normal” depository account to manage the monthly average operating inflows and outflows of cash due to timing of deposits.
2. In accordance with loan agreements, Flagstar has begun its appraisal of the two buildings to convert the loan based on 75% of the appraised value. At such time, the \$21 million held in the cash collateral account will be released and deposited into the ICS account.
3. MDHHS will be increasing rates threefold: (1) Overtime related to hazard pay included in the base wages for workers (\$.16/hr.); (2) Disenrollment assumptions were understated; and (3) DAB enrollment population declined. Total funds disbursed \$116 million; DWIHN estimates to receive 20% or \$23 million. Payment will be disbursed April – September 2024. It should be noted that in March 2023, DWIHN retroactively increased rates by \$1.00/hr. for overtime and other costs related to hazard pay.
4. Attached is the final spending of General Fund for fiscal year September 30, 2023.
5. DWIHN three financial audits are complete and Plante Moran will present the reports at the May Finance committee meeting.

Financial analysis- (refer to Authority balance sheet and income statement)

- Cash flow is very stable and should continue to remain strong throughout the year as liquidity ratio = 2.72.

	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB
DWIHN	2.54	2.66	2.72	3.07	2.56	2.53	2.53	2.44	2.44	2.35	2.66	2.72

- (A) Cash and Investments – comprise of funds held by three (3) investment managers, First Independence CDARS, Comerica, Huntington Bank, and Flagstar accounts. This amount includes the \$21.9 million cash held in collateral for the two building loans.
- (B) Due from other governments – comprise various local, state and federal amounts due to DWIHN. Approximately \$7.0 million in SUD and MH block grant due from MDHHS. Approximately \$13.3 million for 1st quarter and January and February 2024 pass- through HRA revenue. Finally, \$9.5 million due from MDHHS related to FY23 PBIP and CCBHC cost settlement.
- (C) Accounts receivable/Allowance - Accounts receivable consist of approximately \$3.8 million is due from ICO’s for reimbursement of state facility costs paid by DWIHN. Approximately \$1.4 million for estimated 2nd quarter PA2 and the remaining balance Wayne County 1st quarter actual PA2 for \$500,000; amounts due from various providers \$1.5 million.
- (D) IBNR Payable – represents incurred but not reported (IBNR) claims from the provider network; historical average claims incurred through February 29, 2024, was approximately \$360.7 million however actual payments were approximately \$298.1 million. The difference represents claims incurred but not reported and paid of \$62.6 million.
- (E) Due to other governments – includes \$4.6 million due to MDHHS for death recoupment. In addition, there is approximately \$1.7 million payable to MDHHS for state hospitals and \$1.9 million two-

month IPA tax payment. MDHHS will be reducing the March and June payment by \$4.6 million for the death audit recoupment.

- (F) State grants and contracts– The variance relates primarily to Medicaid funding received more than budget (\$30.8mm) however refer to letter “G” as expenses are \$26.0 million higher than budget. The net amount of revenue/expenses are within budget. MDHHS will be reducing the March and June payment by \$4.6 million for the death audit recoupment.
- (G) Autism, Children, Adults, and IDD services - \$26.0 million variance more than budget is due to timing and increased expenses as compared to budget.

DETROIT WAYNE INTEGRATED HEALTH NETWORK

Statement of Net Position

As of February 29, 2024

Assets		
Cash and investments	\$200,906,642	A
Investments in Internal Service Fund	65,472,048	A
Receivables		
Due from other governmental units	30,999,063	B
Accounts receivable	7,824,215	C
Less: allowance for uncollectible	(73,424)	
Prepayments and deposits	369,098	
Total current assets	<u>305,497,642</u>	
Capital assets, net of accumulated depreciation	<u>52,443,482</u>	
Total Assets	<u>357,941,124</u>	
 Liabilities and Net Position 		
Liabilities		
Accounts payable	22,006,095	
IBNR Payable	62,686,317	D
Due to Wayne County	561,813	
Due to other governments	8,275,163	E
Accrued wages and benefits	1,395,063	
Unearned revenue	734,558	
Accrued compensated balances	2,119,980	
Total current liabilities	<u>97,778,989</u>	
Notes Payable	<u>14,717,326</u>	
Total Liabilities	<u>112,496,315</u>	
 Net Position		
Net investment in capital assets	34,049,901	
Unrestricted - PA2 funds	9,330,007	
Restricted Cash Collateral	21,907,338	
Internal Service Fund	72,711,318	
Unrestricted	107,446,245	
	<u>245,444,809</u>	
Total Net Position	<u>245,444,809</u>	
Liabilities and Net Position	<u>357,941,124</u>	

DETROIT WAYNE INTEGRATED HEALTH NETWORK
Statement of Revenues, Expenses and Changes to Net Position
For the Five Months Ending February 29, 2024

	February 2024			Year to Date			
	Budget	Actual	Variance	Budget	Actual	Variance	
Operating Revenues							
Federal grants	\$ 2,561,830	\$ 3,837,124	\$ 1,275,294	\$ 12,809,150	\$ 10,743,326	\$ (2,065,824)	F
State grants and contracts	78,212,823	82,079,779	3,866,956	391,064,115	420,312,156	29,248,041	F
Medicaid carryover	-	-	-	-	32,492,867	32,492,867	
MI Health Link	1,024,161	848,477	(175,684)	5,120,805	7,440,690	2,319,885	
Local grants and contracts	2,382,231	2,163,660	(218,571)	11,911,155	9,279,988	(2,631,167)	
Other charges for services	3,333	4,506	1,173	16,665	24,719	8,054	
Total Operating Revenues	84,184,378	88,933,546	4,749,168	420,921,890	480,293,746	59,371,856	
Operating Expenses							
Salaries	2,424,933	2,072,716	352,217	12,124,665	11,344,206	780,459	
Fringe benefits	917,151	826,902	90,249	4,585,755	4,609,965	(24,210)	
Substance abuse services	5,156,855	6,181,146	(1,024,291)	25,784,275	25,663,964	120,311	
Autism Services	5,905,014	7,487,798	(1,582,784)	29,525,070	39,048,201	(9,523,131)	G
MI HealthLink	1,023,328	851,162	172,166	5,116,640	5,343,601	(226,961)	
Adult Services	26,683,153	28,397,068	(1,713,915)	133,415,765	142,244,212	(8,828,447)	G
Children Services	5,631,415	4,994,027	637,388	28,157,075	26,622,781	1,534,294	
Care Center	1,905,175	898,391	1,006,784	9,525,875	2,660,449	6,865,426	G
Direct Services	405,925	274,844	131,081	2,029,625	1,362,811	666,814	
Intellectual Developmental Disabled	29,973,334	34,343,305	(4,369,971)	149,866,670	164,399,984	(14,533,314)	G
Grant Programs	948,827	593,142	355,685	4,744,135	2,203,050	2,541,085	
State of Michigan	1,723,533	1,795,304	(71,771)	8,617,665	7,483,672	1,133,993	
Depreciation	147,233	-	147,233	736,165	309,610	426,555	
Other operating	1,269,481	2,064,341	(794,860)	6,347,405	5,712,936	634,469	
Total Operating Expenses	84,115,357	90,780,146	(6,664,789)	420,576,785	439,009,442	(18,432,657)	
Operating Revenues over (under) Expenses	69,021	(1,846,600)	11,413,957	345,105	41,284,304	40,939,199	
Non-operating Revenues (Expenses)							
Investment Earnings	416,667	1,563,567	1,146,900	2,083,335	5,872,744	3,789,409	
Total Non-operating Revenues (Expenses)	416,667	1,563,567	1,146,900	2,083,335	5,872,744	3,789,409	
Change in Net Position	485,688	(283,033)	12,560,857	2,428,440	47,157,048	44,728,608	
Net Position - Beginning of year					198,287,761	198,287,761	
Net Position - End of Year	\$ 485,688	\$ (283,033)	\$ 12,560,857	\$ 2,428,440	\$ 245,444,809	\$ 243,016,369	

DETROIT WAYNE INTEGRATED HEALTH NETWORK
Statement of Cash Flows
For the Five Months Ending Thursday, February 29, 2024

Cash flows from operating activities	
Cash receipts from the state and federal governments	\$ 449,260,693
Cash receipts from local sources and customers	9,304,707
Payments to suppliers	(460,869,382)
Payments to employees	<u>(21,737,466)</u>
Net cash provided by (used in) operating activities	<u>(24,041,448)</u>
Cash flows from capital and related financing activities	
Acquisition of capital assets	(4,297,279)
Principle and interest paid on capital debt	<u>2,417,473</u>
Net cash provided by (used in) capital and related financing activities	(1,879,805)
Cash flows from investing activities	
Interest received on investments	6,272,704
Proceeds from sale of assets	<u>-</u>
Net cash provided by investing activities	<u>6,272,704</u>
Net increase (decrease) in cash and cash equivalents	(19,648,549)
Cash and investments - beginning of period	<u>286,027,239</u>
Cash and investments - end of period	<u><u>\$ 266,378,690</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities	
Operating income (loss)	\$ 41,284,305
Adjustments to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation	309,610
Decreases (increases) in current assets:	
Accounts receivable	10,980,196
Prepayments and deposits	512,645
Due from other governmental units	2,703,592
Due from Wayne County	421,366
Other assets	(421,366)
Increases (decreases) in current liabilities:	
Accounts and contracts payable	(105,355,949)
IBNR Payable	62,686,317
Accrued wages	(1,154,901)
Due to Wayne County	561,813
Due to other governmental units	(1,156,942)
Unearned revenue	<u>(35,412,134)</u>
Net cash provided by (used in) operating activities	<u><u>\$ (24,041,448)</u></u>

General Fund Allocation Recommendation

Priority Population (Spenddown, SMI level 3 and above and SED CAFAS 90 and above)

	<u>Budget</u>		<u>Actuals</u>	
a	5,968,242		5,871,168	97,074
b	-		2,908,222	(2,908,222)
c	500,000		455,859	44,141
d	903,363		621,965	281,398
e	1,500,000		1,121,486	378,514
f	<u>1,000,000</u>		891,325	<u>108,675</u>
	9,871,605			(1,998,420)
g	400,200		432,900	(32,700)
h	443,565		443,565	0
i	3,245,000		3,245,580	(580)
j	50,000			50,000
k	3,850,000		4,711,215	(861,215)
l	200,000		70,863	129,137
m	930,000		882,819	47,181
n	400,000		432,320	(32,320)
o	400,000		455,509	(55,509)
p	450,000		112,057	<u>337,943</u>
	10,368,765			(418,063)
q		1,900,000	1,855,807	44,193
r		697,000	589,239	107,761
s		19,625	19,625	0
t		550,000	512,781	37,219
u		800,000	155,467	644,533
v		650,000	541,342	<u>108,658</u>
		4,616,625		942,364
Grand Totals	9,871,605	10,368,765	4,616,625	
			24,856,996	26,331,114 (1,474,119)
Revenue - State GF	21,460,905			
carryover	1,277,251			
10% Local funds	2,146,091			
Section 236 transfer	<u>1,275,000</u>			
Total funds available	26,159,247		Overspent	<u>(171,868)</u>